

FRANCHISE DISCLOSURE DOCUMENT

SEVA BEAUTY, LLC

An Illinois Limited Liability Company

1954 First Street, # 112

Highland Park, Illinois 60035

877-SEVA-BEAUTY

www.SEVABeauty.com

franchising@sevabeauty.com



We grant qualified franchisees the right to operate an esthetic spa business using the trade name SEVA® as well as our business models and system.

The total estimated investment to begin operation of a SEVA Business located in an inline store format is \$141,000 to \$206,000. This includes \$79,000 to \$129,000 that must be paid to us and our affiliates. The total estimated investment to begin operation of a SEVA Business in a Kiosk or Cart format is \$68,000 to \$169,000. This includes \$42,000 to \$84,000 that must be paid to us or our affiliates.

We may sell rights to individuals or entities to develop a number of Studio's within a specified area. If you are a Multi-Unit Operator, you will pay a Multi-Unit Operator fee equal to 100% of the initial franchise fee for the first Studio to be developed, plus a deposit of 50% of the initial franchise fee for each additional Studio to be developed under the Multi-Unit Operator Agreement. The total investment necessary will vary based on the number of Studio's to be developed.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar-days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale or grant. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact SEVA Beauty LLC, Director of Franchise Development, 1954 First Street, # 112, Highland Park, Illinois 60035, telephone 877-SEVA-BEAUTY.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "[A Consumer's Guide to Buying a Franchise](#)", which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, Washington, D.C. 20580. You can also visit the FTC's home page at <http://www.ftc.gov> for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: April 14, 2014, amended as of April 29, 2014

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit A for information about the franchisor, or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise:

1. THE FRANCHISE AGREEMENT AND MULTI-UNIT OPERATOR AGREEMENT REQUIRE YOU TO RESOLVE DISPUTES WITH US BY MEDIATION, ARBITRATION AND/OR LITIGATION ONLY IN ILLINOIS. OUT-OF-STATE MEDIATION, ARBITRATION AND LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO MEDIATE, ARBITRATE AND LITIGATE WITH US IN ILLINOIS THAN IN YOUR OWN STATE.

2. THE FRANCHISE AGREEMENT AND MULTI-UNIT OPERATOR AGREEMENT STATE THAT ILLINOIS LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.

3. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We may use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

Effective Dates. See next page for state effective dates.

STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed with the state or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

California	May 5, 2014, amended as of
Connecticut	Trademark Exempt
Florida	May 27, 2014
Hawaii	Not applicable.
Illinois	April 16, 2014, amended as of
Indiana	April 15, 2014
Kentucky	Not applicable
Maine	Exempt
Maryland	April 30, 2014, amended as of
Michigan	Pending
Minnesota	Pending
Nebraska	Did not file
New York	June 6, 2013, amended as of
North Carolina	Trademark Exempt
North Dakota	Pending
Rhode Island	April 15, 2014, amended as of
South Carolina	Trademark Exempt
South Dakota	April 30, 2014
Texas	March 10, 2010
Utah	Not applicable
Virginia	Pending
Washington	Pending
Wisconsin	April 15, 2014, amended as of

**NOTICE REQUIRED
BY
STATE OF MICHIGAN**

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel that deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials that have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision that permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

The fact that there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.

Any questions regarding this notice should be directed to the Department of Attorney General, State of Michigan, 670 Williams Building, Lansing, Michigan 48913, telephone (517) 373 7117.

THE MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.

TABLE OF CONTENTS

ITEM 1..... 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES 1

 THE FRANCHISOR 1

 OUR PARENTS, PREDECESSORS AND AFFILIATES 1

 DESCRIPTION OF FRANCHISE 1

 FRANCHISE AGREEMENT 2

 MULTI-UNIT OPERATOR AGREEMENT 2

 SUBLEASE 2

 MARKET AND COMPETITION 3

 INDUSTRY REGULATIONS 3

ITEM 2 BUSINESS EXPERIENCE 4

ITEM 3 LITIGATION 5

ITEM 4 BANKRUPTCY 5

ITEM 5 INITIAL FEES 5

 FRANCHISE AGREEMENT 5

 MULTI-UNIT OPERATOR AGREEMENT 6

ITEM 6 OTHER FEES 7

ITEM 7 ESTIMATED INITIAL INVESTMENT 13

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES 17

 YOUR PREMISES 18

 DEVELOPMENT AND CONSTRUCTION 18

 INSURANCE 18

 OTHER REVENUE TO US 18

ITEM 9 FRANCHISEE’S OBLIGATIONS 19

ITEM 10 FINANCING 20

ITEM 11 FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING 21

 PRE-OPENING OBLIGATIONS 21

 CONTINUING OBLIGATIONS 22

 TYPICAL LENGTH OF TIME TO OPEN 22

 ADVERTISING 23

 COMPUTER SYSTEM 24

 WEBSITE / INTRANET / SOCIAL MEDIA 25

 OPERATING MANUAL 25

 TRAINING 25

ITEM 12 TERRITORY 27

 FRANCHISE AGREEMENT 27

 MULTI-UNIT OPERATOR AGREEMENT 29

ITEM 13 TRADEMARKS 29

ITEM 14 PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION 31

PATENTS AND COPYRIGHTS.....	31
ITEM 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS.....	32
ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL.....	32
ITEM 17 RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION.....	33
ITEM 18 PUBLIC FIGURES	38
ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS.....	38
ITEM 20 OUTLETS AND FRANCHISEE INFORMATION.....	38
ITEM 21 FINANCIAL STATEMENTS	46
ITEM 22 CONTRACTS.....	46
ITEM 23 RECEIPT	47

EXHIBITS

- A - LIST OF STATE ADMINISTRATORS AND LIST OF STATE AGENTS FOR SERVICE OF PROCESS
- B - FRANCHISE AGREEMENT
- C - MULTI-UNIT OPERATOR AGREEMENT
- D - SUBLEASE AGREEMENT
- E - FINANCIAL STATEMENTS
- F - SAMPLE RELEASE
- G - TABLE OF CONTENTS OF OPERATING MANUAL
- H - LIST OF FRANCHISEES
- I - MULTI-STATE ADDENDUM
- J - SAMPLE PROMISSORY NOTE
- K - ACH FORM
- L - RECEIPT

Item 1
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor

To simplify the language in this Disclosure Document, “SEVA”, “we”, “us” and “our” mean SEVA Beauty, LLC, the franchisor. “You” and “your” mean the person or entity that buys the franchise and becomes a franchisee and any persons who provide guarantees.

We are an Illinois limited liability company formed on January 6, 2010. Our principal business address is 1954 First Street, # 112, Highland Park, Illinois 60035. We do business under our registered company name and “SEVA” and other marks that we may adopt in the future (“Marks”). SEVA opened its first location in 2010 and began franchising in 2010. SEVA has not offered franchises in any other line of business, but may do so in the future. SEVA and its affiliates reserve the right to distribute products, including products with trademarks, service marks, trade names and symbols licensed in the Franchise Agreement, through other methods of distribution, and to undertake other business activities, including salon and spa and related businesses, without obligation to its franchisees. The franchise is only for the business and format described in the Franchise Agreement.

Our agents for service of process are listed on Exhibit A to this Disclosure Document.

Our Parents, Predecessors and Affiliates

We do not have any parents or predecessors. We have three affiliates. Our first affiliate is SEVA Beauty Holdings, Inc. (“Holdings”), an Illinois corporation which has the same principal address as us, owns the SEVA Marks. Holdings has not operated a SEVA Business and has not offered franchises in any line of business. Our second affiliate is Silky Cactus Holdings, LLC, an Illinois limited liability company which has the same principal address as us, and it owns BTTP Texas, LLC and BTTP Ohio, LLC. Silky Cactus Holdings, LLC has not offered franchises in any line of business. Our third affiliate is SilkyCactus, Inc., an Illinois corporation which has the same principal address as us, and it owns two SEVA locations which operate inside of Walmart stores located in Franklin, Ohio and Orlando, Florida. SilkyCactus, Inc. has not offered franchises in any line of business.

Description of Franchise

SEVA licenses the operation of SEVA ® Studios, which are specialized and distinctive retailers of esthetic spa services and products. The franchise described in this disclosure document is a license to develop and operate a single SEVA business (the “Studio”) at a designated location (the “Authorized Location”). The Franchise Agreement authorizes you to use the SEVA ® trade name and service mark in connection with the operation of your Studio and permits you to use the distinctive identity, trade dress, methods and system (the “System”), developed by SEVA for operating the Studio. SEVA Studios offer consistent, affordable, high-quality esthetic spa services and a limited set of retail products designated by SEVA for men and women in a distinctive retail environment. SEVA Studios may also offer a membership program under which members, for a monthly fee, receive services at reduced member rates. Non-members may also receive services at the higher standard rates. Other material aspects of the franchise are described in this disclosure document and in the Manuals which you should expect to evolve over time, that are provided to you as a franchisee (described in Item 11) which will govern the relationship between you and SEVA.

Franchise Agreement

We offer the right to establish and operate a Studio under the terms of a single unit franchise agreement within a specific Territory (the “Franchise Agreement”), Exhibit B to this Disclosure Document. You may be an individual, corporation, partnership or other form of legal entity. Under the Franchise Agreement, certain parties are characterized as Franchisee’s Principals (referred to in this Disclosure Document as “your Principals”). The Franchise Agreement is signed by us, by you, and by those of your Principals whom we designate as Controlling Principals. In most instances, we will designate your principal equity owners and executive officers, and certain affiliated entities as Controlling Principals. By signing the Franchise Agreement, your Controlling Principals agree to be individually bound by certain obligations in the Franchise Agreement, including covenants concerning confidentiality and non-competition, and to personally guarantee your performance under the Franchise Agreement (see Item 15). Depending on the type of business activities in which you or your Principals may be involved, we may require you or your Principals to sign additional confidentiality and non-competition agreements.

You must also designate a “Manager” who will be the main individual responsible for operating your Studio. We recommend that you act as the General Manager.

Multi-Unit Operator Agreement

In certain circumstances, we will offer to you the right to sign an Multi-Unit Operator Agreement in the form attached as Exhibit C to this Disclosure Document (the “Multi-Unit Operator Agreement”) to develop multiple franchised Studios to be located within a specifically described geographic territory (the “Designated Area”). We will determine the Designated Area before you sign the Multi-Unit Operator Agreement and it will be included in the Multi-Unit Operator Agreement. Under the Multi-Unit Operator Agreement, you must establish a certain number of SEVA Studios (at least three Studios) within the Designated Area according to a minimum performance schedule, and sign a separate Franchise Agreement for each Studio established under the Multi-Unit Operator Agreement.

The Franchise Agreement for the first Studio developed under the Multi-Unit Operator Agreement will be in the form attached as Exhibit B to this Disclosure Document, and we expect that this Franchise Agreement for your first Studio will be signed at the same time as the Multi-Unit Operator Agreement. For each additional Studio developed under the Multi-Unit Operator Agreement, you must sign the form of Franchise Agreement that we are then offering to new franchisees, but the Royalty Fee and other continuing fees will be the same as for your first Studio. The size of the Designated Area will vary depending upon local market conditions and the number of Studios to be developed. You may not open a Studio for business until a fully executed Franchise Agreement is in place for that Studio and the initial franchise fee has been fully paid.

The person or entity signing the Multi-Unit Operator Agreement is referred to as the “Multi-Unit Operator”. The Multi-Unit Operator Agreement contains concepts similar to the Franchise Agreement involving the “Multi-Unit Operator’s Principals.”

Sublease

You may be required to sign a sublease with us. A copy of our current form of sublease is attached to this Disclosure Document as Exhibit D.

If you select a Wal-Mart site for your Studio premises, we will sublease the Studio premises to you subject to the terms and conditions of our Master Lease with Wal-Mart. When we sublease the Studio premises to you, the sublease rent shall be the same lease rent that we pay to Wal-Mart plus a five percent (5%) surcharge in order to cover our administrative costs and other expenses as well as to mitigate the

risks of subleasing to you. The Master Lease contains a provision that provides for Wal-Mart having the ability to terminate the Sublease, and there is a further right that we have to terminate the Sublease as well. This provision allows either Wal-Mart or us to provide you with a 180 day written notice to terminate the Sublease according to the terms and conditions in the Master Lease. Also, the Master Lease contains a payment formula provides for payment to be made to you if Wal-Mart chooses to cancel the Sublease, as well as a payment to you if we choose to cancel the Sublease. A copy of the Master Lease is attached to the Franchise Agreement as Attachment C

Market and Competition

Your products and services will be marketed to the general public, although your primary customers will be girls and women between 13 and 60 years of age. Although the market for cosmetic and beauty care and spa services is well developed, we believe that the market focused on eye appearance in general, and for many of the esthetic services (for example Eyebrow Threading, Eyelash Extensions, Eyebrow Tinting) in particular, is in the development stage. This may create unique growth opportunities, but broad acceptance of these services cannot be predicted. You may be competing with other similar businesses, including other franchised operations, national chains and independently owned businesses offering similar products and services. You may also face competition from within the same retail environment where your SEVA Studio is located. For example, in many of the Walmart locations which SEVA is located within, there may be a nail salon and/or a hair salon, either or both of which may be offering some of the same services which you will offer. Changes in local and national economic conditions and local demographics also affect this industry and are difficult to predict. You will also need to contend with normal business risks, including pricing policies of competitors, changes in laws and regulations, supply and demand and new technologies.

Industry Regulations

Most states and local governments have enacted laws and regulations that are specific to SEVA's industry including requirements for permits, certificates or other licenses to operate a salon or spa and provide our services; general and cosmetology-related standards, specifications and requirements for the construction, design and maintenance of business premises; and regulations affecting the health, safety and welfare of salon or spa customers. You and your employees may be required to obtain cosmetology, esthetician, salon, spa or other licenses to provide many or all of our services. You are also responsible to ensure that all regulations and requirements of the applicable cosmetology and state boards are met during the build-out process.

State, Local, or Federal laws require you to obtain various licenses and/or permits for the operation of your Studio. Each state may differ in licensing and permit requirements for the services you will offer. It is your responsibility to research the requirements that apply to your specific territory, and to operate your Spa franchise in full compliance with all State, Local and/or Federal laws that apply to your business.

You must also comply with employment, workers' compensation, insurance, corporate, taxing and other laws and regulations. Among the licenses and permits you may need are: zoning or land use approvals, Sunday sale permits, sales and use tax permits, special tax stamps, fire department permits, health permits, alarm permits, county occupational permits, retail sales licenses and wastewater discharge permits. There may be other laws, rules or regulations that affect your Studio, including minimum wage and labor laws along with ADA, OSHA and EPA considerations. You must comply with all laws and licensing requirements related to the operation of your Studio. We recommend that you consult with your attorney for an understanding of them.

Item 2
BUSINESS EXPERIENCE

Managing Member - Vasilios Maniatis.

Mr. Maniatis has been our Managing Member since January 2010. From 2008 to 2010 he was a Founder and Managing Member of Simply Eyebrows, Inc.

Director of SEVA Branding – Sonal Maniatis

Mrs. Maniatis has been our Director of SEVA Branding since January 2010. From 2008 to 2010 she was a Founder and Managing Member of Simply Eyebrows, Inc.

Director of Strategic Development - Rahul Patel.

Mr. Patel has been our Director of Strategic Development since 2011. From 2007 to 2010 he was a student at the University of Illinois.

Director of Franchise Development - Adam Petersen.

Mr. Petersen has been our Director of Franchise Development since 2013. In 2013 he was the Franchise Development Manager for Service Brands International in Ann Arbor, Michigan. From 2010 to 2013 he was a Franchise Development Manager for NOVUS Glass, Inc. in Savage, Minnesota. From 2009 to 2010 he was an Advertising Sales Executive for MailSouth, Inc. in Helena, Alabama.

Director of Spa Operations - Kari Comrov.

Ms. Comrov has been our Director of Spa Operations since February 2013. From 2012 to 2013 she was the General Manager of Salon 1800 located in Chicago, Illinois. From 2011 to 2012 she was the Spa Director and Event Planner for The Spa on Oak located in Chicago, Illinois. From 2010 to 2011 she was the Account Executive, Trainer and Product Specialist for Peace Spa Products located in Chicago, Illinois. In 2010 she was an Esthetician for Ken Paves Salon and Spa located in Chicago, Illinois. From 2009 to 2010 she was an Esthetician for Yost Studios located in Henderson, Las Vegas.

Executive Coordinator of Franchise Development - Maria Moys.

Ms. Moys has been our Executive Coordinator of Franchise Development since December 2012. From 2009 to 2011 she was the Supervisor of the Legal Assistance Team and a Legal Assistant for Tucker and Ludin Legal Solutions located in Clearwater, Florida. From 2006 to 2011 she was a student at Universidad Evangelica de El Salvador.

Executive Coordinator of Franchise Development – Katherine Allwood.

Ms. Allwood has been our Executive Coordinator of Franchise Development since 2013. From 2012 to 2013 she was a Customer Service Representative and Administrative Assistant for Focus in El Salvador. From 2011 to 2012 she was Customer Service Representative and Administrative Assistant for The Office Gurus in El Salvador.

Executive Coordinator of Spa Operations - Leissy Menendez.

Ms. Menendez has been our Executive Coordinator of Spa Operations since December 2013. From 2011 to 2013 she worked as an Administrator of externally funded contracts for consultancies and training projects for Queensland University of Technology located in Brisbane, Australia. From 2009 to 2011 she worked as a customer service representative at Patrick's Show Case Jewelers located in Queensland, Australia. From 2007 to 2010 she was a student at Griffith University, Queensland Australia

Executive Coordinator of Spa Operations - Austin David.

Mr. David has been our Executive Coordinator of Spa Operations since December 2012. From 2011 to 2012 he worked as a Customer Support Agent for EpicZone Technologies located in Lahore, Pakistan. From 2008 to 2011 he worked as a Customer Service Executive and Floor Supervisor for Pakistan Telecommunication Company located in Islamabad, Pakistan.

Executive Coordinator of Esthetic Training - Tania Shahzaib.

Ms. Shahzaib has been our Executive Coordinator of Esthetic Training since November 2013. From 2010 to 2013 she was a private salon owner and beautician. From 2010 to 2013 she worked as a Customer Service and Administrative Assistant for Techno Tronics located in Lahore, Pakistan.

Executive Coordinator of Logistics - Sandra Vasquez.

Ms. Vasquez has been our Executive Coordinator of Logistics since November 2012. From 2011 to 2012 she attended Triumph Cosmetology School located in Triumph Cosmetology School and obtained a Degree in Cosmetology. From 2008 to 2009 she worked as a Supervisor of the Baggage Department for Us Airways located in Chicago, Illinois. From 2009 to present she is currently a student at Jose Matias Delgado University.

Item 3
LITIGATION

No litigation is required to be disclosed in this Item.

Item 4
BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

Item 5
INITIAL FEES

Franchise Agreement

The Initial Franchise Fee is \$39,000 (“Initial Franchise Fee”) to purchase a SEVA Studio. You may also pay us a \$10,000 entrance fee when you sign the Franchise Agreement for your selected location (the “Entrance Fee”). The Franchise Fee and the Entrance Fee for additional locations are also \$39,000 and \$10,000, respectively. The Initial Franchise Fee is paid in a lump sum when you sign the Franchise Agreement and is not refundable under any circumstances. The Initial Franchise Fee is imposed uniformly on all franchisees who purchase a SEVA Studio.

If we sublease the Studio premises to you, you will also pay us one month non-refundable rent before opening (estimated at \$2,000 to \$5,000), plus a security deposit equal to three times rent (estimated at \$6,000 to \$15,000) which is refundable upon expiration of the sublease, less any amounts owed to us. The sublease rent is the same lease rent that we pay to the landlord plus a 5% surcharge to the rent in order to cover our administrative costs and other expenses as well as to mitigate the risks of subleasing to you.

You must pay us a minimum of \$1,500 so that we can coordinate your Grand Opening promotional activities with third parties.

You must also pay us \$1,000 for our services in connection with our “Spa-in-a-Box” logistics process, in which we help you coordinate the design, construction and build-out of your Studio. This amount is payable shortly after signing the Franchise Agreement, usually at your initial training, and is non-refundable.

We may require you to purchase the “Studio Development Package” through our SEVA International division. The Studio Development Package includes most of the millwork and other custom-designed furnishings and elements of a SEVA Studio, including furniture, fixtures, spa stations and picture frames. We estimate that the total payments to us for the Studio Development Package will range from \$20,000 to \$40,000 although the specific amount will vary based on the requirements of your particular business. These payments are not refundable.

We may require you to purchase SEVA-branded makeup and skincare products as well as specific products for the performance of services through our SEVA International division. Currently, we have a SEVA-branded makeup line, lash extensions line, thread, skincare products, facial and body wax line. We may also require you to purchase non SEVA-branded products and services through SEVA International as well.

Multi-Unit Operator Agreement

If you wish to develop multiple SEVA Businesses in a geographic area, you will be required to execute the Multi-Unit Operator Agreement attached to this Disclosure Document as Exhibit C. If you sign a Multi-Unit Operator Agreement, the Initial Franchise Fee is \$39,000 for the first Studio and \$19,500 for each subsequent Studio, all of which is due upon signing the Multi-Unit Operator Agreement. These fees are non-refundable. For example, if you are required to develop three Studios, upon signing Multi-Unit Operator Agreement and first Franchise Agreement, you will pay us a total of \$78,000 (\$39,000 plus 2 times \$19,500 = \$78,000).

Other than the amounts disclosed in this Item, you are not required to make any payments to us or any affiliate before your business opens. In some situations, we may finance the Entrance Fee and security deposit up to a maximum of \$25,000.

Item 6
OTHER FEES

Column 1 Type of fee⁽¹⁾	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Royalty	6% of Gross Sales or \$250 per week, whichever is greater. If you fail to meet the minimum required Gross Sales in a 12-month period, we may require you to pay a total royalty of 6% of the minimum Gross Sales.	Payable weekly by Monday for the preceding week	“Gross Sales” means all revenue from the sale of services and products and all other income related to the Franchised Business, except sales taxes. Royalty Fees are payable by automatic withdrawal (see note 2)
Rent	\$2,000 to \$5,000 per month for an in-line store location and \$500 to \$2,000 for a kiosk location	Monthly	You may be subletting the Studio premises from us or our affiliate. See Note 3.
Brand Fund Contribution	2% to 5% of Gross Sales	Payable at the same time and in the same manner as the Royalty	Currently the Brand Fund contribution is 2% of Gross Sales. We reserve the right to increase the contribution upon 60 days’ notice. See Item 11
Advisory Council	Established by the Council	Determined by the Council	If and when established, Council members will establish fees. See Note 4.
Local Advertising Cooperative	Established by Cooperative members	Determined by Cooperative members	Payable to the Cooperative.
Late Fees	\$100	Upon demand	For failure to make payments or file reports on time.
Interest	18% per annum of balance due or highest commercial contract interest rate law allows, but not less than \$100	With payment of past due amount	Due on all overdue amounts. Interest accrues from the original due date until payment is received in full

Column 1 Type of fee⁽¹⁾	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Initial training for Additional or Replacement Manager	Our then-current training fee per person, plus expenses Current training fee = \$1,000 per person	Upon demand	We train up to 3 people at no charge. If you request that we provide additional training at your Franchised Business to you and/or your employees you must pay our current training fee and you must also reimburse our representatives' expenses in providing on-site training, including travel, lodging and meals
Additional Training	As reasonably determined by us	Upon demand	We may charge a reasonable fee for ongoing training programs.
Additional On-site Assistance	\$200 per day plus transportation and lodging	Upon demand	We provide opening assistance at no charge.
Additional Computer and Technical Support	\$50 per hour	Upon demand	For this fee, we provide general computer and technical support on an appointment basis during the first 6 months of operation. After this period, you will need a third-party vendor such as GeekSquad.
Transfer Fee (Franchise Agreement)	\$19,500	Payable at time of transfer	This fee is only payable when you sell your franchise to a third person. This transfer fee is in addition to training fees of \$3,000 for training up to 3 people in connection with the transfer.
Transfer Fee (Multi-Unit Operator Agreement)	\$10,000	Upon completion of the transfer	No fee charged for a one time transfer from individual(s) to a corporate entity formed for convenience of ownership of the franchise
Renewal Fee	25% of then-current initial Franchise fee	Upon execution of new Franchise Agreement	Charge for renewing the franchise after expiration of term.

Column 1 Type of fee⁽¹⁾	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Audit	Cost of audit, 15% of underpayment, plus 18% interest from date of underpayment	Upon demand	Payable only if audit shows an understatement of at least 3% of gross sales for any period.
POS Fees	\$99 setup fee plus \$99.99 per month (2 points of access)	Initial payment and then monthly	Payable to approved supplier. Each additional point of access hardware is \$99 for the setup fee plus \$29.99 per month
Insurance	Our actual costs of insurance for the period of coverage, plus a service charge equal to 25% of the cost of new required insurance for the period of coverage	Upon demand	A service charge of 25% of the annual cost of new insurance is payable to us if you fail to carry the insurance we require and if we decide to purchase it on your behalf (although we are not obligated to do so) See Note 5.
SEVA University Certification Fee	\$5 to \$250 per Staff member	Upon the hiring of a staff person but before he/she can perform a service and recurring recertification intervals thereafter.	We may require mandatory training certification and recertification of you and your staff
Web Monitoring Fee	\$29.99 per month	Monthly	We may monitor your Studio's compliance with brand requirements via IP camera
Tech Coordination Fee	\$100 in addition to all fees charged by tech company called for repair	Upon demand	\$100 fee is paid to us but fee charges for the work are paid to third party suppliers. See Note 6.
Inoperative Equipment Fee	\$100 per day	As incurred	If any component of your POS system, including but not limited to your IP camera, iPad, receipt printer, credit card terminal, or other equipment is inoperative, we may charge you a per-day fee until fixed in addition the Tech Coordination Fee or other fees.

Column 1 Type of fee⁽¹⁾	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Immigration Status Review Costs	Our out-of-pocket costs	Upon demand	We reserve the right to review your immigration status or the status of any of your employees.
Conventions or franchisee meetings	Up to \$1,000	Upon demand	If we hold an annual or semi-annual meeting for franchisees (whether national or regional), attendance is mandatory. For the annual meeting, we may charge a registration fee to recoup our costs. If we hold a meeting and you do not attend, we may assess a fee of up to \$1,000, or the proportionate cost to each franchisee.
Indemnification and Defense	All costs including attorneys' fees; amount will vary under circumstances.	As incurred	You must reimburse us for losses that we suffer resulting from the operation of your business. We may retain our own legal counsel. You must reimburse us for our legal and other professional expenses in connection with the claim.
Costs and Attorneys' Fees	Will vary under circumstances	As incurred	You must pay us for our costs and attorneys' fees in obtaining injunctive or other relief for the enforcement of the Franchise Agreement.
Taxes, Business Debts or Liens	As applicable	As incurred	These are generally paid by you to the government agency, supplier or other creditor. If you do not pay these charges, SEVA may, but is not obliged to pay any taxes, business debts or liens incurred by you in connection with your Studio, and will bill the same back to you.

Column 1 Type of fee⁽¹⁾	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Remodeling and Refurbishment	All costs and expenses for remodeling or refurbishment	As required	We may require you to remodel and/or refurbish your Studio to meet our then-current image for SEVA Studios. We will not make this request more frequently than every five years
Gift Card Program	Will vary		You must participate in our gift card program. Gift cards are available for sale through our website and at all SEVA Studios in the System. Gift cards may be redeemed at any SEVA Studio in the System, regardless of where they were purchased
Customer Satisfaction Evaluations (“Mystery Shops”)	Up to \$100 per month	As incurred	Payable to our approved supplier. You must participate in the mystery shop program
Credit Card Processing Fee	Will vary	As required	Payable to the approved supplier. We reserve the right to require you to use the supplier we designate for this program.

Notes:

- (1) Except when otherwise noted, all fees are uniformly imposed, payable to us and are not refundable. You will be required to sign an Automated Clearing House (ACH) Authorization form (attached to this Disclosure Document as Exhibit K) permitting us to electronically debit your designated bank account for payment of all fees payable to us as well as any amounts that you owe to us or our affiliates for the purchase of goods or services.
- (2) Gross Sales includes all revenue except sales taxes, use or gross receipts taxes and bona fide refunds. If you fail to report your Gross Sales by the Monday of the week for the prior week, we can withdraw \$500 from your account as an estimated royalty fee and make adjustments once we receive the missing report. During your Studio’s first year of operation, you must achieve at least \$150,000 in Gross Sales. During your Studio’s second year of operation, and for every rolling 12-month period thereafter, you must achieve at least \$250,000 in Gross Sales. If you fail to achieve these minimum Gross Sales, then (i) you must pay to us the difference between the royalties actually paid and the amount of royalties you would have paid if you had met the minimum Gross Sales; and (ii) we may terminate your Franchise Agreement.
- (3) In addition to your base rent, your lease may require you to pay percentage rent. The typical range of percentage rent is 1% to 2% of gross sales. The sublease rent is the same lease rent that

we pay to the landlord plus a 5% surcharge to the rent in order to cover our administrative costs and other expenses as well as to mitigate the risks of subleasing to you.

- (4) As of the date of this Disclosure Document, the Advisory Council and Local Advertising Cooperative have not been formed. If formed, they will be comprised of Studio owners to provide input and feedback to us. Fees may be established and charged to Advisory Council and Local Advertising Cooperative members for modest administrative purposes, such as communication between Council members and travel by leaders to meetings. Advisory Council fees are paid to the Advisory Association and Local Advertising Cooperative fees are paid to the entity designated by the cooperative members.
- (5) We prescribe the types and minimum insurance coverage that you must carry. You need to evaluate if your business will require greater coverage or other types of insurance. You also may need different types or additional insurance if required by the lease. All liability policies must name us as additional named insureds. Our mandatory minimum insurance requirements for each Studio are: (1) comprehensive general liability insurance with minimum coverage of \$2,000,000 combined single limit (including broad form contractual liability), or the higher amount required by your lease, insuring you and us and an officer, director, partner and employees against claims for personal injury or property damage from your business operations; (2) workers' compensation and employer's liability insurance, together with any other insurance required by law; (3) general casualty insurance, including fire and extended coverage, vandalism and malicious mischief insurance for the full replacement value of your premises and its contents with the following minimum limits:

Required Coverage	Minimum Limits of Coverage
General Aggregate	\$2,000,000
Beauticians/Salon Professional Liability	\$1,000,000
Products/Completed Operations Aggregate	\$1,000,000
Personal and Advertising Injury	\$1,000,000
Each Occurrence	\$1,000,000
Tenant Legal Liability	\$100,000
Medical Expense (any one person)	\$5,000

Policies must be written by an A.M. Best "A" or better rated insurance company satisfactory to us and must meet our specifications, including types and amounts of coverage, and the dollar limits and deductibles levels, among other things. You must promptly deliver to us insurance policies or certificates of coverage which designate the name and address of the issuer, the policy number, amount and provisions thereof, all policies shall contain a provision that the policy shall not be canceled, terminated, or materially or adversely modified without 30 days prior notice from the insurance company to us. You agree that at least ten days before the expiration of any insurance policy, you will deliver to us either written evidence that the policy has been renewed or a certificate of coverage from another company. All policies shall provide that the insurance companies waive subrogation or consent to waiver of right of recovery against us. We, at our option, may make any necessary payments to keep any insurance required in this agreement in force if you fail to do so, and you shall immediately reimburse us for such payments plus a 25% service charge. Your obligation to carry insurance will not be reduced because of any insurance we may carry, nor shall any insurance carried by us relieve your indemnification obligation.

We estimate that the average annual premium for this insurance coverage will be approximately \$1,000 to \$4,000 or more for general liability. We may identify additional types of insurance that

you must carry upon reasonable notice. We may periodically modify all minimum amounts to reflect inflation, general industry standards or our future experience with claims.

- (6) This fee is for coordination by us to the third party supplier (such as GeekSquad) to make the POS, IP camera or any other component of the POS system operational. This fee is to offset our cost to contact and coordinate the deployment of the technicians and does not include any charges you will be required to pay to the tech company. We reserve the right to deploy technicians as needed and as often as necessary to maintain the integrity and online access of the POS system in your Studio.

Item 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT FOR AN INLINE STORE FORMAT¹				
Column 1	Column 1	Column 3	Column 4	Column 5
Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee	\$39,000	Lump Sum	At signing of Franchise Agreement	Us
Entrance Fee	\$0 to \$10,000 (Note 3)	Lump sum	At signing of Franchise Agreement	Us, if required
Travel and Living Expenses while training	\$1,000 to \$5,000 (Note 4)	As incurred	During corporate and in-store training	Airlines, hotel, restaurants, taxis, etc.
Real Estate Improvements	\$15,000 to \$30,000 (Note 5)	Lump Sum	Before construction begins	Us or third party suppliers
Furniture, Fixtures & Equipment	\$10,000 to \$20,000 (Note 5)	Lump Sum	Before Opening	Us or third party suppliers
Rent	\$2,000 to \$5,000 per month (Note 6)	As arranged	Monthly	Landlord (may be us)
Security Deposit	\$6,000 to \$15,000 (Note 6)	Lump sum	Upon signing sublease	Landlord (may be us)
Computer System	\$3,000 to \$5,000 (Note 7)	Lump sum	Before Opening	Us or third party suppliers
Grand Opening Promotion	\$1,500 to \$2,000 (Note 8)	Lump sums	Before Opening	Us/Media/Suppliers

YOUR ESTIMATED INITIAL INVESTMENT FOR AN INLINE STORE FORMAT¹				
Column 1 Type of Expenditure	Column 1 Amount	Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment is to be Made
Opening Inventory	\$1,500 to \$5,000	As purchased	As purchased	Us or third party suppliers
Professional Fees	\$500 to \$1,000	As incurred	As incurred	Attorney, accountant, vendors
Licenses, Permits, Utility Deposits	\$500 to \$3,000	As incurred	As incurred	City, county, and state agencies, utilities
Spa-in-a-Box Fee	\$1,000 to \$5,000 (Note 10)	Lump sum	Before Opening	Us/Vendor
Additional Funds (6 months)	\$60,000 (Note 9)	As incurred	As incurred	Various employees, vendors, etc.
TOTAL	\$141,000 to \$206,000			

YOUR ESTIMATED INITIAL INVESTMENT FOR A KIOSK/CART¹				
Column 1 Type of Expenditure	Column 1 Amount	Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment is to be Made
Initial Franchise Fee	\$39,000	Lump Sum	At signing of Franchise Agreement	Us
Entrance Fee	\$0 to \$10,000	Lump Sum	At signing of Franchise Agreement	Landlord (may be us)
Travel and Living Expenses while training	\$1,000 to \$5,000 (Note 4)	As incurred	During corporate and in-store training	Airlines, hotel, restaurants, taxis, etc.
Real Estate Improvements	\$0 to \$5,000 (Note 5)	Lump Sum	Before construction begins	Us or third party suppliers

YOUR ESTIMATED INITIAL INVESTMENT FOR A KIOSK/CART¹				
Column 1 Type of Expenditure	Column 1 Amount	Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment is to be Made
Furniture, Fixtures & Equipment	\$1,000 to \$25,000 (Note 5)	Lump Sum	Before Opening	Us or third party suppliers
Rent	\$500 to \$2,000 per month (Note 6)	As arranged	Monthly	Landlord (may be us)
Security Deposit	\$1,500 to \$6,000 (Note 6)	Lump sum	Upon signing sublease	Landlord (may be us)
Computer System	\$1,000 to \$3,000 (Note 7)	Lump sum	Before Opening	Us or third party suppliers
Grand Opening Promotion	\$1,500 to \$2,000 (Note 8)	Lump sums	Before Opening	Media, suppliers (may be us)
Opening Inventory	\$500 to \$1,500	As purchased	As purchased	Us or third party suppliers
Professional Fees	\$500 to \$1,000	As incurred	As incurred	Attorney, accountant, vendors
Licenses, Permits, Utility Deposits	\$500 to \$3,000	As incurred	As incurred	City, county, and state agencies, utilities
Spa-in-a-Box Fee	\$1,000 to \$5,000 (Note 10)	Lump Sum	Before Opening	Us/Vendor
Additional Funds (6 months)	\$20,000 to \$60,000 (Note 9)	As incurred	As incurred	Various employees, vendors, etc.
TOTAL	\$68,000 to \$169,000			

Notes:

(1) The first table represents the estimated initial investment for an in-line Studio located within a retail store location and the second table represents the estimated initial investment of a kiosk or cart location.

(2) Except as otherwise noted, none of these expenditures are refundable.
SEVA Beauty/UFDD-05a

(3) This fee is payable to us directly, to the landlord directly, or to us on behalf of the landlord. Once you sign the Franchise Agreement, the Entrance Fee is non-refundable.

(4) You will receive approximately three days of training at our corporate offices in Highland Park, Illinois, and/or via online training in which case these expenses may not apply. The Franchise Fee includes training for up to three individuals before opening your Studio. Training of additional employees will cost \$1,000 each. You must pay for travel, lodging, meals, compensation and incidental costs for you and your employees for all training.

(5) This estimate in the first table assumes that you will lease approximately 500 square feet of space in an inline store format and that the landlord will pay for some, but not all, of the improvements. The estimate for a kiosk or cart assumes you will lease approximately 100 to 500 square feet of space and that the landlord will pay for some, but not all, of the improvements. As described in Item 5, you will pay an estimated \$20,000 to \$40,000 to us for your Studio Development Package. The Studio Development Package is included in the tables above as part of the estimates for real estate improvements, for fixtures, furnishings and equipment, and other costs.

(6) Rent range will vary depending on the type of facility (inline or cart/kiosk), size, condition, location, and various market conditions. These figures are based on the payment of the first month's rent and an initial three month security deposit. In some situations, we will sublease the space to you. These estimates do not include any percentage rent that you may be required to pay. Your sublease will be subject to the terms and conditions of our lease of the space. If we sublease the premises to you, all rents, deposits and other lease fees will be paid to us. Our subleases of spaces generally provide that you do not pay rent until the earlier of (a) the opening date of the Studio, or (b) 90 days after you take possession of the space.

(7) This estimate includes the computer equipment and software described in Item 11.

(8) You are required to spend a minimum of \$1,500 on grand opening marketing and promotion. This estimate may include advertising, brochures, flyers, coupons, banners, and similar materials.

(9) This estimates the working capital required during the first six months of operation. It includes payroll expenses, ongoing advertising expenses, initial insurance premiums, utility payments, high speed internet charges, rent, royalty fee payments, brand fund payments, and miscellaneous expenses. This estimate does not include any financing costs associated with the purchase of the franchise. This estimate does not include an owner's salary or draw. We cannot guarantee that your expenses will not be greater. Your costs will depend on factors such as: how well you follow our operating system, your management skill, market conditions, lease rates, wage rates, media rates, the economy, your competition, and your initial sales levels. This amount includes initial insurance premiums.

(10) We currently collect the Spa-In-A-Box fee and reserve the right to outsource this function to another third party logistics company in the future.

(11) In compiling these estimates we have relied on our experience in establishing and operating Studios.

All of the estimates set forth above have been based on costs and expenses that we would expect to be incurred by a franchisee in an average cost location. If your business is located in a high cost area (i.e., a major urban center), your investment may be significantly higher. The estimates may vary significantly dependent upon additional factors, such as the size of your market area, local economic conditions, the number of employees, your choice of optional equipment, availability of labor and materials in your area, freight and delivery costs, taxes and interest rates.

These figures do not take into account financing charges, inflation, compensation for your personal time or labor, rent or interest expenses payable before your Studio opens or similar costs. There are many variables in these costs and expenses, and your actual experience may be lower or higher than the estimates given. You should not plan to draw income from the operations during the start-up and development of your business, which period may vary considerably from Studio to Studio and cannot be accurately predicted by us. You should have additional financial resources available to cover any additional expenses and any operating losses that you may experience. The amount of reserves will vary greatly and will depend upon many factors, including the rate of growth and success of your business.

Your initial investment will also depend upon such factors as demographic and local economic conditions, public awareness of our marks in particular and the nature of your business in the local area, your ability to operate efficiently and in accordance with our System and local competition. We strongly urge you to utilize the services of experienced accountants or financial advisors to evaluate our franchise program and to develop your own business plan and financial projections for your particular operations.

We have not included a separate table for the initial investment if you sign an Multi-Unit Operator Agreement. The Multi-Unit Operator must own a minimum of three SEVA Studios in the Development Area. If you are a Multi-Unit Operator, you will pay us a lump sum, non-refundable Multi-Unit Operator Fee as described in Item 5.

In some situations we may offer to finance a portion of your initial investment. See Item 10 for more information.

Item 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

The following describes your obligations to purchase or lease goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items relating to establishing or operating your business from (i) us, our designees, or suppliers approved by us, or (ii) under our specifications.

We provide you with a list of approved manufacturers, suppliers and distributors (“Approved Suppliers List”) and approved inventory products, supplies and other items or services necessary to operate the SEVA Studio (“Approved Supplies List”). The Approved Suppliers List may specify the specific manufacturer of a specific product or piece of equipment and you may purchase the item from any source that carries the specific approved item. From time to time we, a related party, or a third party vendor or supplier may be the only approved supplier for certain products. We may revise the Approved Suppliers List and Approved Supplies List. We give you the approved lists as we deem advisable. You must notify us in writing if you want to offer for sale at the Studio any brand or product, or to use any material, item or supply that is not then approved by us, or to purchase any product from a supplier that is not then designated by us as an approved supplier. If requested by us, you must submit samples and other information as we require for testing or to otherwise determine whether the product, material or supply, or the proposed supplier meets our specifications and quality standards. We generally will notify you of supplier approval or disapproval within 30 days of our receipt of all the information and samples we request. The supplier may be required to sign a supplier agreement. We may re-inspect the facilities and products of any supplier of an approved supplier or item and revoke our approval of any supplier or item that fails to continue to meet any of our criteria. We will send written notice of any revocation of an approved supplier or item.

We apply the following general criteria in approving a proposed supplier: 1) ability to make product in conformity with our specifications; 2) willingness to protect the secrets behind the uniqueness of a product without dissemination to others; 3) production and delivery capability for the System; 4) reputation and integrity of supplier; and 5) financial condition and insurance coverage of the supplier.

We are an approved supplier for some inventory items, through our SEVA International Division. We reserve the right to be the only approved supplier of SEVA-branded products and other salon and spa products and supplies, and we reserve the right to make a profit on the sale of these items. Beginning in 2014, we are the sole supplier of SEVA-branded makeup and skincare products as well as specific products for the performance of salon and spa services as well as retail sales, which will constitute approximately 90% of your inventory. Any products or services that you purchase from us will be at our then-current price. We may purchase these items from third party suppliers and resell them to franchisees and the public. We did not receive any revenues from any required purchases during our last fiscal year.

Some of our officers have an ownership interest in us and our affiliate, which are approved suppliers. There are no other approved suppliers in which any of our officers has an ownership interest.

Your Premises

In some situations we are the only approved supplier for the premises and thus, you must sublease the premises from us. We collected sublease rent from franchisees in 2013 and we did receive either revenues nor profits from these services. In 2013, we paid landlords all rents received by us. As noted in Item 5, your sublease rent will be the same lease rent that we pay to the landlord plus a 5% surcharge to the rent in order to cover our administrative costs and other expenses as well as to mitigate the risks of subleasing to you.

You must obtain our approval of the site for the Studio before you acquire the site. You must also obtain our approval of any contract of sale or lease for the Studio before you sign the contract or lease. At our request, you and your landlord must sign a Collateral Assignment of Lease (Attachment B to the Franchise Agreement) with us which permits that your lease can be assigned to us on expiration or termination of your Franchise Agreement.

Development and Construction

In connection with the construction and opening of your Studio, you must use our “Spa-in-a-Box” logistics process under which we help you coordinate the design, construction and contracting duties. You must construct and equip your Studio according to our then-current approved design, specifications and standards and you must use a licensed architect and contractor. You must also use signage, products, ingredients, supplies, advertising materials, equipment, including the computer system and electronic register/point of sale (POS) system, that meet our specifications and standards.

Our “SEVA International” division is our sole designated supplier for most of the furnishings, millwork and other custom-designed elements of a SEVA Studio including furniture, fixtures, spa stations, and picture frames.

Insurance

You must obtain and maintain, at your own expense, insurance coverage that we specify in the Franchise Agreement or the Operating Manual. We may regulate the types, amounts, terms and conditions of insurance coverage required for your Studio, and standards for underwriters of policies providing required insurance coverage.

Other Revenue To Us

As described above, beginning in 2014 we will receive revenue from your purchases or leases from us of subleased premises, custom millwork and other custom-designed elements of a SEVA Studio, and your

purchases of SEVA-branded products, salon and spa products for retail sale and salon and spa products for the performance of services.

Although we do not currently receive any rebates, we reserve the right to receive rebates or other consideration (including promotional allowances and volume discounts) from suppliers in connection with your purchase of goods, products and services. During the year ended December 31, 2013, neither we nor our affiliates earned any revenues based on sales of products or services to our franchisees.

We may negotiate prices for numerous products for the benefit of the System but not on behalf of individual franchisees. Presently, there are no purchasing or distribution cooperatives that you are required to join. We will try to receive volume discounts for the System on certain products.

The estimated proportion of the required purchases and leases (whether from us or from other approved suppliers, or in accordance with our specifications) to all purchases and leases by you is approximately 90% in establishing the business and 55% to 90% in the operation of the franchised business.

We do not provide or withhold material benefits to you (such as renewal rights or the right to open additional SEVA Studios) based on whether or not you purchase through the sources we designate or approve; however, purchases of unapproved products or from unapproved suppliers in violation of the Franchise Agreement will entitle us to, among other things, terminate the Franchise Agreement.

Item 9
FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

In the table below, the following abbreviations have these meanings: FA means the Franchise Agreement, and S means Sublease.

Obligation		Section in Agreement	Disclosure Document Item
a.	Site selection and acquisition/lease	FA: 1.01 and 3.01 S: 2	Items 7 and 11
b.	Pre-opening purchases/leases	FA: 3.03, 4.02 S: 8	Items 7, 8, 11
c.	Site development and other pre- opening requirements	FA: 3.01 - 3.05	Items 7 and 11
d.	Initial and ongoing training	FA: 3.02 and 4.22	Items 6 and 11
e.	Opening	FA: 3.03	Item 11
f.	Fees	FA: 1, 2, 4 and 6 S: 8, 13 and 16	Items 5, 6, 7
g.	Compliance with standards and policies/Operating Manual	FA: 4	Item 11

Obligation		Section in Agreement	Disclosure Document Item
h.	Trademarks and proprietary information	FA: 5	Items 13 and 14
i.	Restrictions on products/ services offered	FA: 4 S: 6	Items 8 and 16
j.	Warranty and customer service requirements	None	Not applicable
k.	Territorial development and sales quotas	FA: 4.24	Item 6
l.	Ongoing product/service purchases	FA: 4.03	Item 8
m.	Maintenance, appearance and remodeling requirements	FA: 3.01 and 4.01 S: 5	Items 6 and 11
n.	Insurance	FA: 2.08 S: 13	Items 7 and 8
o.	Advertising	FA: 2.04, 2.05, 4.08 and 4.12	Items 7 and 11
p.	Indemnification	FA: 4.18 S: 14	Item 11
q.	Owners participation/ management/staffing	FA: 4.10 and 4.23	Items 11 and 15
r.	Records and reports	FA: 4.13	Item 11
s.	Inspections/audits	FA: 4.14 and 4.15	Item 11
t.	Transfer	FA: 6	Items 6,17
u.	Renewal	FA: 1.04 S:4	Item 17
v.	Post-termination obligations	FA: 8	Item 17
w.	Non-competition covenants	FA: 5.06 S: 11	Item 17
x.	Dispute resolution	FA: 10.01	Item 17

Item 10
FINANCING

We may provide direct financing to you as follows:

Item Financed (Source)	Amount Financed	Term (Months)	APR %	Monthly Payment	Prepayment Penalty	Security Required	Liability Upon Default	Loss of Legal Right on Default
Franchise Fee, Entrance Fee and Security Deposit	\$5,000 to \$25,000	36 months	9	\$159 to \$795	None	Personal Guarantee	Loss of Franchise and Repayment of Outstanding Loan Balance	None

If you meet our credit standards we may finance up to \$25,000 of your initial investment, including amounts for Initial Franchise Fee, Entrance Fee and Security Deposit. See Exhibit J for sample Promissory Note.

Except as described above, neither we nor any affiliate of ours offers direct or indirect financing to you. We do not guarantee your note, lease or other obligations. We do not currently place financing with anyone and do not receive payment for placement of financing. We do not have any past or present practice or intention to sell, assign, or discount to any third party, any financing arrangements.

The United States Small Business Administration (the “SBA”) currently offers a Franchise Registry Program to allow for the expedited processing of SBA loans for franchisees of approved franchisors. We have complied with the eligibility requirements of the SBA’s Franchise Registry Program and have been approved for participation. Accordingly, SEVA franchisees who apply for SBA loans will receive a benefit of a streamlined loan process. For more information regarding the SBA’s Franchise Registry Program, access their website at www.franchiseregistry.com. You should not, however, construe the presence of the SEVA franchise program on the SBA’s Franchise Registry as an endorsement by the SBA, a guarantee you will be approved for a loan, or an indication of the success or profitability of a SEVA franchise.

Item 11

FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

Except as listed below, SEVA Beauty, LLC is not required to provide you with any assistance.

Pre-Opening Obligations

Multi-Unit Operator Agreement

We have no obligations under the Multi-Unit Operator Agreement other than to provide you with a protected development area.

Franchise Agreement

Before you open your Studio, we will provide you with the following assistance

1. Authorize you to establish and operate a retail Studio identified by the SEVA ® service mark and employing the business format and System (Franchise Agreement – Section 1)
2. Provide you with an approved fixture layout plan and a list of fixtures, equipment and supplies needed to establish your Studio (Franchise Agreement - Section 3.01)
3. Provide our “Spa-in-the-Box” development support (Franchise Agreement - Section 3.01).

4. Provide you with a list of approved suppliers and supplies (Franchise Agreement - Section 4.04).
5. Provide you, your Manager, and one other person with our initial training program. (Franchise Agreement - Section 3.03).
6. Loan to you one copy of our Operating Manual that contains specifications, standards, policies, and procedures relating to the establishment and operation of your business (Franchise Agreement - Section 4.01).
7. Provide you with the on-site assistance for one day in connection with opening of your Studio (Franchise Agreement - Section 3.05).

Continuing Obligations

Franchise Agreement

During the operation of a Studio, we will provide the following assistance and services:

1. Provide you with updates to the Manual (Franchise Agreement - Sections 4.01 and 4.02).
2. Allow you to participate in our web site (Franchise Agreement - Section 4.07);
3. Administer the Brand Fund (Franchise Agreement - Section 2.04);
4. Inspect your Studio from time to time (Franchise Agreement - Section 4.15);
5. Conduct training and certification, hold meetings, and sponsor conferences from time to time as we deem appropriate (Franchise Agreement - Sections 4.04 and 4.09).
6. Indemnification against and reimbursement for all damages for which you are held liable in any proceeding arising out of your use of any of the Marks (including settlement amounts), if you and your Principals have fully complied with the terms of the Franchise Agreement. (Franchise Agreement, Section 4.18)
7. Determine the minimum and/or maximum prices you may charge, as permitted by applicable law. (Franchise Agreement – Section 4.07(a).

Typical Length of Time to Open

You must at all times work diligently to open your Studio for business in a timely manner. The typical length of time between the signing of the Franchise Agreement and the opening of your Studio is two to twelve months. This is based on whether or not the Studio is being developed within a space located within a Walmart and the space being available on the day you sign your Franchise Agreement. This time period could be affected by numerous factors, such the availability of a suitable space, financing, building permits, zoning and local ordinances, legal requirements, shortages, and delayed installation of equipment, fixtures and signs. SEVA will have the right, but not the obligation, to cancel your Franchise Agreement if you fail to secure an Authorized Location within 90 days following the execution of your Franchise Agreement, if you fail to execute Attachment A to your Franchise Agreement within 90 days or if you do not open your Studio within 12 months from the signing of your Franchise Agreement.

Advertising

You will receive pre-approved designs for in-store coupons and for various ads, posters, in-store signs, window displays, banners, and miscellaneous point-of-sale items. You are responsible for the costs of printing and delivery of these marketing materials.

Other than our website and other internet-based promotion, all advertising had been local or regional in scope. We and our franchisees may create and place advertising in-house and with the services of outside local agencies.

You may develop advertising materials for your own use, at your own cost. We must approve the advertising materials in advance and in writing. We will generally respond to your request to use such advertising materials within 14 days.

You are required to spend a minimum of \$1,500 on grand opening advertising in your local market. We strongly recommend, but do not require, that you also spend at least 1% of Gross Sales for ongoing local advertising and promotion.

The Franchise Agreement provides that you must contribute 2% to 5% of your Gross Sales to the Brand Fund, with the specific percentage determined by us. Currently, we are collecting 2% of Gross Sales. We will direct all advertising and marketing programs and have the right to make all decisions over all creative concepts, materials and endorsements, website development and the geographic, market and media placement of all programs. We do not promise that we will spend the Brand Fund in any given geographic region or that the benefits you receive will be in proportion to your contributions. We are not required to spend any amount on advertising in your geographic area. Any SEVA Studio owned by us or an affiliate will contribute to the Brand Fund on the same basis as franchised Studios.

We may terminate, and resume, the Brand Fund periodically during your franchise term, however, any decision to terminate or resume the Brand Fund will apply to all franchisees equally. We will not terminate the Brand Fund before making arrangements to spend or distribute any remaining balances in the Brand Fund after payment of all expenses.

We may use the Brand Fund to pay for the cost to prepare and produce advertising materials; purchase media space or time; administer local, regional and national advertising programs, including buying direct mail and other media advertising; develop and operate our website and point of sale system; conduct Internet and electronic advertising promoting the SEVA System and Marks; employ advertising, public relations and media buying agencies to assist us in these activities; support public relations, market research, other advertising and marketing activities and hiring activities; and updates to the POS system. Additionally, we may use the Brand Fund to furnish our franchisees with marketing items, advertising and promotional formats and materials, like advertising art, radio and television commercials, musical jingles, print advertisements, point of sale materials, promotional graphics, take-away graphic menus, various coupons, outdoor advertising art, direct mail pamphlets and literature, and electronic listings in white and yellow page websites in our judgment.

In 2013, spending from the Brand Fund was allocated as follows: 86% on media placement, and 14% on administrative expenses. All of funds in the Brand Fund were spent in the year in which they accrued. Franchisees do not receive a periodic accounting of how the Brand Fund is spent.

We are not required to maintain a separate account for the Brand Fund separately from our other funds. The Brand Fund will not be held in a trust or escrow account. We do not use the Brand Fund to solicit new franchise sales. Out of the Brand Fund, we may pay ourselves for the direct costs, salaries, travel expenses, administrative costs and other direct overhead we incur to administer the Brand Fund including

the cost of preparing the annual accounting, expenses to collect Brand Fund Fees from delinquent franchisees, costs to develop and execute specific marketing and advertising programs (including costs for market research and production) and costs to fund the annual meeting of franchisees if we elect to hold one. In any given year, we may spend more or less than the total amount we collect for that year. We may carry-forward any Brand Fund surplus or deficit to a future fiscal period. We treat interest paid on Brand Fund balances as additional Brand Fund revenue. An unaudited accounting of the receipts and disbursements of the Brand Fund will be available on request 60 days after the end of each calendar year.

We do not currently have an advertising council. In the future, we may create a franchisee advisory council that will provide input on advertising and marketing issues.

Once your Studio opens you may be required to participate in a Local Advertising Cooperative (if established) in the Area of Dominant Influence (ADI) where your store is located. The ADI is determined by us with input from potential members of the cooperative. Cooperative members are responsible for establishing and assessing contributions, and for performing all other organizational and administrative functions. The cooperative must operate from written governing documents, and shall prepare an annual report that shall be made available for the review of its members and prospective franchisees. Each member of the cooperative shall be entitled to one vote. We retain the right to dissolve the cooperative and approve decisions made by it. Any company-owned Studios will participate in the cooperative on the same basis as franchisees.

We reserve the right to require you to include certain language in your local advertising, such as “Franchises Available” and our Website address and telephone number.

Computer System

You must purchase, use and maintain at your cost a point-of-sale (POS) system that we designate. We currently mandate the use of iPOST™, a proprietary, iPad-based POS system that was custom developed for SEVA. The overall POS system includes specific peripheral devices such as the cash drawer, receipt printer, IP camera, Bluetooth speakers, credit card terminal, LCD screen and other components (although purchased separately). Currently, the specified equipment includes: two iPad 3rd generation (or later versions) with built-in Wifi + 4G cellular service with iOS 6+, 16 GB Hard Drive; APG Vasario-series cash drawer; Star Micronics Receipt Printer; Lantronix Print Server; 2 Filemaker Go for iPad software applications; wireless IP security camera; Internet modem and router; Wireless speakers; and 40” LCD screen TV with Internet connectivity.

The primary functions are customer check-in and check-out, day-to-day sales recording and reports and generating financial statements.

There are no contractual limitations on the frequency or cost of upgrades or changes in the computer system that we may impose. The estimated cost of the computer system is \$3,000 to \$5,000 and the estimated annual cost of any required or optional computer maintenance, updating, upgrading and support services is \$500.

Unless stated otherwise, we require you to purchase computer hardware and software applications meeting our specifications from any approved third party vendor. You must pay for all costs to acquire and install the equipment and software, and for ongoing maintenance of software licenses and hardware, and all upgrades that we require. Your POS and IP camera must always be online and accessible to clients and to us at all times. We reserve the right to coordinate qualified IT technicians at your expense to maintain the operability and online connection of any component of the POS system at all times. For example, if the POS system or camera goes offline for an extended period of time (typically more than 24 hours) and you are unable to resolve the inoperability within the prescribed timeframe, we may use

GeekSquad or a similar technical service to analyze and correct the problem on your behalf and at your expense. There is no limit to the number of deployments we may authorize in order to correct any deficiencies in the operation of the POS system, IP camera or any other essential components of the Studio's POS system.

We will have independent access to the information generated and stored in your computer system. Nothing limits our right to access or use the data we retrieve.

Website / Intranet / Social Media

We alone may establish, maintain, modify or discontinue all internet, worldwide web and electronic commerce activities pertaining to the System. We may establish one or more websites accessible through one or more uniform resource locators ("URLs") and, if we do, we may design and provide for the benefit of your Studio a "click through" subpage at our website for the promotion of your Studio. If we establish one or more websites or other modes of electronic commerce and if we provide a "click through" subpage at the website(s) for the promotion of your Studio, you must routinely provide us with updated copy, photographs and news stories about your Studio suitable for posting on your "click through" subpage. We reserve the right to specify the content, frequency and procedure you must follow for updating your "click through" subpage.

Any websites or other modes of electric commerce that we establish or maintain may – in addition to advertising and promoting the products, programs or services available at SEVA Studios – also be devoted in part to offering SEVA Studio franchises for sale and be used by us to exploit the electronic commerce rights which we alone reserve.

In addition to these activities, we may also establish an intranet through which downloads of operations and marketing materials, exchanges of franchisee e-mail, System discussion forums and System-wide communications (among other activities) can be done. You may not maintain your own website; otherwise maintain a presence or advertise on the internet or any other mode of electronic commerce in connection with your Studio; establish a link to any website we establish at or from any other website or page; or at any time establish any other website, electronic commerce presence or URL which in whole or in part incorporates the "SEVA Studio" name or any name confusingly similar to the Proprietary Marks.

You are not permitted to promote your Studio or use any of the Proprietary Marks in any manner on any social or networking websites, such as Facebook, LinkedIn or Twitter, without our prior written consent. We will control all social media initiatives. You must comply with our System standards regarding the use of social media in your Studio's operation, including prohibitions on your and the Studio's employees posting or blogging comments about the Studio or the System, other than on a website established or authorized by us ("social media" includes personal blogs, common social networks like Facebook and MySpace, professional networks like LinkedIn, live-blogging tools like Twitter, virtual worlds, file, audio and video-sharing sites, and other similar social networking or media sites or tools). We will provide access to branded social media pages/handles/assets, and you must update these regularly. We reserve the right to conduct collective/national campaigns via local social media on your behalf.

Operating Manual

The table of contents of our Operating Manual is attached to this disclosure document as Exhibit G. Our Operations Manual consists of approximately 368 total pages.

Training

Our initial training program as of the date of this Disclosure Document is as follows:

SEVA Beauty/UFDD-05a

TRAINING PROGRAM

Column 1 Subject	Column 2 Hours of Classroom Instruction	Column 3 Hours of On-the- Job Training	Column 4 Location
Introduction to SEVA, Core Values, Company Culture, Mission Statement, Expectations, Business Model Overview	2.5	0	Highland Park, Illinois and/ or Online
Marketing	1	0	Highland Park, Illinois and/ or Online
Beauty Destiny Protocol TM	3	0	Highland Park, Illinois and/ or Online
POS Overview	3	0	Highland Park, Illinois and/ or Online
Hiring Portal	2	0	Highland Park, Illinois and/ or Online
Studio Operations	3	0	Highland Park, Illinois and/ or Online
Operations Manual & Training Portal	1.5	0	Highland Park, Illinois and/ or Online
Management & Leadership	1.5	0	Highland Park, Illinois and/ or Online
Product and Service Training	2.5	0	Highland Park, Illinois and/ or Online
TOTALS	20	0.0	

Initial Training is conducted at our corporate office in Highland Park, Illinois, in an online environment via webinar, at another location or locations we designate, and/ or a combination of the above and at such times as we designate. We conduct initial training as needed by our new franchisees. The cost of this training is included in your Initial Franchise Fee, but you will be responsible for all transportation, meals, lodging, compensation and incidental expenses. You, if you are an individual, or a majority owner, if the franchisee is an entity, and a manager designated by you are required to attend and complete the training to our satisfaction outlined above before you open your Studio. An additional person designated by you may attend as well. We may also suggest that you and/or your designated manager complete an

internship of one day at a SEVA Studio. The need, location, time, and schedule of the internship will be mutually agreed upon by you, us and the owner of the Studio in which the internship will take place.

The training curricula is composed of videos, webinars, power point presentations and collateral materials along with course testing and examinations all of which is contained within our web-based Training Portal. In addition we offer proprietary methodologies of hands-on and virtual hands-on teaching to facilitate the understanding of the content. This collection of content, and teaching methodologies is referred to as SEVA University™.

In addition to the training that we provide, one or more representatives from Glo Therapeutics, Inc. may provide approximately five or more hours of training relating to facials and related goods and services. Glo Therapeutics has been our designated supplier of all facial products used in the provision of spa services. This portion of the training program may be provided at your Studio shortly before your grand opening.

Our initial training program is conducted by Kari Komrov, our Director of Spa Operations. Our instructor has at least 2 years of experience relevant to the subject being taught, and at least one year of experience with us and/or our affiliate. We reserve the right to make changes in our training staff as we deem necessary and advisable without prior notice.

You and your associates may be required to attend additional training meetings and refresher courses including periodic webinars and video conferences that may take place from time-to-time at our corporate offices, at another location we designate, or online. We also will require that all of your employees (including your Manager) that performs services for clients need to complete training courses and receive Certification (at a cost of \$5 to \$250 per person) in accordance with our requirements and your individual state rules and regulations. The additional training and refresher courses currently include the requirement that you, your designated manager and your employees will be required to retake and recertify every six months or as deemed necessary by SEVA to uphold our brand and service standards. We may require additional retraining or re-certification at any time as we deem appropriate (such as in response to poor social media reviews and customer complaints).

Item 12
TERRITORY

Franchise Agreement

Under the Franchise Agreement we grant you the right to operate a Studio at a specific location. You will select the site for the Studio subject to our approval and using our site submittal forms and/or criteria. The Franchise Agreement does not grant you any territorial rights beyond whatever geographic radius is listed in an exhibit to the Franchise Agreement.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we may control. You may also face competition from competing salons and spas located within the same retail location as your Studio (such as a nail salon or hair salon that offers competing services). However, we will not locate another corporate or franchise SEVA Studio within the same retail store as your Studio.

You are granted the right to operate your Business at a single location. You may relocate your Studio only with our prior written permission, which we can withhold for any reason. At a minimum, any proposed relocation must meet all of the criteria for a new location. You do not have any options, rights of first refusal or similar rights to acquire additional franchises under the Franchise Agreement. You do not have the right to sell products or services through any other channel or method of distribution (including the Internet or any other existing or future form of electronic commerce) or to any person or

entity for resale or further distribution. All such rights, whether related to products and services offered under the System and Marks or otherwise, are reserved to us. You also do not have the right to subfranchise, sublicense, assign or transfer your rights under the Franchise Agreement, except for an assignment or transfer as specifically provided in the Franchise Agreement.

We are not restricted from opening and operating SEVA Studios or stores similar to SEVA Studios in the market in which you operate provided they are not located within the same store where your Studio is located.

During your Studio's first year of operation (from the date of opening until the day before the first anniversary thereof), you must achieve at least \$150,000 in Gross Sales. During your Studio's second year of operation, and for every rolling 12-month period thereafter, you must achieve at least \$250,000 in Gross Sales. If you fail to achieve these minimum Gross Sales, then (i) you must pay to us the difference between the Royalties actually paid and the amount of Royalties you would have paid if you had met the minimum Gross Sales; and (ii) we may terminate this Agreement for your breach of this obligation.

There are no restrictions placed on you, us, or other franchisees from promoting, advertising, soliciting, establishing, servicing, and maintaining customers and potential customers in the communities surrounding the Studios owned by you, us, or other franchisees. You, we, and other franchisees will not receive compensation from the other for soliciting customers.

You may sell our proprietary products and related merchandise to retail customers and prospective retail customers who live anywhere but who choose to shop in your Franchise. You may not engage in any promotional activities or sell our proprietary products or similar products or services, whether directly or indirectly, through or on the Internet, the World Wide Web, or any other similar proprietary or common carrier electronic delivery system (collectively, the "Electronic Media"); through catalogs or other mail order devices sent or directed to customers or prospective customers located anywhere; or by telecopy or other telephonic or electronic communications, including toll-free numbers, directed to or received from customers or prospective customers located anywhere. You may not place advertisements in printed media and on television and radio that are targeted to customers and prospective customers located outside of your Designated Territory. You have no options, rights of first refusal, or similar rights to acquire additional franchises. You may not sell our proprietary products to any business or other customer for resale.

We and our affiliates may sell products under the Proprietary Marks within and outside your Designated Territory through any method of distribution other than a dedicated SEVA Studio, including sales through such channels of distribution as the Internet, catalog sales, telemarketing or other direct marketing sales (together, "alternative distribution channels"). You may not use alternative distribution channels to make sales outside or inside your Designated Territory except as described in the following paragraph and you will not receive any compensation for our sales through alternative distribution channels except as described in the following paragraph.

If we engage in electronic commerce through any Internet, World Wide Web or other computer network site or sell through any other alternative distribution channel, and we receive orders for any proprietary products or other products offered by a SEVA Studio calling for delivery or performance in your Designated Territory, then we will offer the order to you at the price we establish. If you choose not to fulfill the order or are unable to do so, then we, one of our affiliates or a third party we designate (including another franchisee) may fulfill the order, and you will not be entitled to any compensation in connection with this.

We have not yet established other franchises or company-owned outlets or another distribution channel selling or leasing similar products or services under a different trademark. We describe earlier in this Item 12 what we may do anywhere and at any time.

Except for the Studio's operated by our affiliates, neither we nor any parent or affiliate has established, or presently intends to establish, other franchised or company-owned Stores which sell our proprietary products or services under a different trade name or trademark, but we reserve the right to do so in the future, without first obtaining your consent.

Multi-Unit Operator Agreement

If you sign a Multi-Unit Operator Agreement you will receive a development territory in which we will not operate or franchise others to operate a SEVA Studio. The development territory will generally consist of a number of contiguous zip codes. You will need to comply with a development schedule on Exhibit A to the Multi-Unit Operator Agreement in order to maintain the development territory.

We may not alter the development territory without your written agreement. While the Multi-Unit Operator Agreement is in effect, we (and our affiliates) will not establish, or allow other franchise owners to establish, Spas to be located within the Exclusive Area. There are no other restrictions on us. You may not develop or operate Spas outside the Exclusive Area. We may terminate the Multi-Unit Operator Agreement if you do not satisfy your development obligations when required.

Except as described above, continuation of your territorial exclusivity does not depend on your achieving a certain sales volume, market penetration, or other contingency, and we may not alter your Exclusive Area.

To maintain your rights under the Multi-Unit Operator Agreement there must be open and in operation the cumulative number of Studio's set forth on the Development Schedule by the dates set forth in the Development Schedule.

Item 13
TRADEMARKS

The Franchise Agreement licenses you to use the SEVA service mark, as well as other trademarks, service marks, trade names and a commercial symbols (collectively, the "Marks") which are owned by our affiliate, SEVA Beauty Holdings Inc (Holdings). The Multi-Unit Operator Agreement does not give you the right to use the Marks or our System.

The following is a description of the service mark and trademark registrations on the principal register of the United States Patent and Trademark Office ("USPTO"):

Mark	Application Date	Serial Number	Registration Date	Registration Number
SEVA brow shaping * waxing * threading	February 23, 2010	77943116	December 7, 2010	3885296
SEVA and Design	October 28, 2010	85163273	August 9, 2011	4008759

Mark	Application Date	Serial Number	Registration Date	Registration Number
SEVA	October 28, 2010	85163266	August 9, 2011	4008758
Fulfill Your Beauty Destiny	October 30, 2012	85766606	June 18, 2013	4353993
Take Some Face Time	September 16, 2013	86065185	September 16, 2013	Pending
Beauty To The People	December 26, 2013	86152377	December 26, 2013	Pending

Your use of the Marks and any goodwill is to our exclusive benefit and you retain no rights in the Marks. You also retain no rights in the Marks upon expiration or termination of your Franchise Agreement. You are not permitted to make any changes or substitutions of any kind in or to the use of the Marks unless we direct in writing. We may change the System presently identified by the Marks including the adoption of new Marks, new products, new services, new equipment or new techniques and you must adopt the changes in the System, as if they were part of the Franchise Agreement at the time of its execution. You must comply within a reasonable time, at your expense, if we notify you to discontinue or modify your use of any Mark. We will have no liability or obligation as to your modification or discontinuance of any Mark.

As discussed in Item 1, our affiliate, Holdings, owns the trademarks. It has filed all required affidavits. We have entered into a Trademark License Agreement with Holdings dated October 1, 2010 which grants us the right to use and sublicense to our franchisees the right to use the Marks. The term of this License Agreement is for 20 years and after that it is renewed for an additional 20 year period unless either party gives notice of termination before the end of such extension. The License Agreement can also be terminated for failure to maintain quality standards, breach of the License Agreement or bankruptcy.

We do not know of either superior prior rights or infringing uses that could materially affect the franchisee's use of the principal trademarks in the state where the franchised business will be located. You must immediately notify us of any apparent infringement of the Marks or challenge to your use of any of the Marks or claim by any person of any rights in any of the Marks. You and your Controlling Principals are not permitted to communicate with any person other than us, or any designated affiliate, our counsel and your counsel involving any infringement, challenge or claim. We can take action and have the right to exclusively control any litigation or USPTO or other administrative or agency proceeding caused by any infringement, challenge or claim or otherwise relating to any of the Marks. You must sign any and all documents, and do what may, in our counsel's opinion, be necessary or advisable to protect our interests in any litigation or USPTO or other administrative or agency proceeding or to otherwise protect and maintain our interests and the interests of any other person or entity (including any affiliate) having an interest in the Marks.

We will indemnify you against and reimburse you for all damages for which you are held liable for your use of any of the Marks, provided that the conduct of you and your Controlling Principals in the proceeding and use of the Marks is in full compliance with the terms of the Franchise Agreement.

Except as provided above, we are not obligated by the Franchise Agreement to protect any rights granted to you to use the Marks or to protect you against claims of infringement or unfair competition

with respect to them. Although we are not contractually obligated to protect the Marks or your right to use them, as a matter of corporate policy we intend to defend the Marks vigorously.

We may require you, at your expense, to discontinue or modify your use of any of the Marks or to use one or more additional or substitute trade names, service marks, trademarks, symbols, logos, emblems and indicia of origin if we determine that an addition or substitution will benefit the System.

The license to use the Marks granted in the Franchise Agreement is non-exclusive to you. We have and retain certain rights in the Marks including the following:

1. To grant other licenses for the use of the Marks in addition to those licenses already granted or to be granted to franchisees and development agents;
2. To develop and establish other systems using the Marks or other names or marks, and to grant licenses or franchises in those systems without providing any rights to you; and
3. To engage, directly or indirectly, at wholesale, retail or otherwise, in (a) the production, distribution, license and sale of products and services and (b) the use of the Marks and any and all trademarks, trade names, service marks, logos, insignia, slogans, emblems, symbols, designs and other identifying characteristics we may develop for that purpose.

Item 14

PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Patents and Copyrights

We do not have an ownership interest in any patents or copyrights that are material to the franchise although we do claim copyright ownership and protection in this Disclosure Document, our Franchise Agreement, our Multi-Unit Operator Agreement, the Operating Manual, the SEVA website, SEVA University, SEVA Academy, and various other manuals, videos, CD's, DVD's, eLearning content, training programs, sales promotional and other material published from time to time.

Confidential Information

You must keep confidential during and after the term of the Franchise Agreement all trade secret and proprietary information, including any sales techniques and procedures and processes, the contents of the Operating Manual and all subparts and related writings. Upon termination of your Franchise Agreement you must return to us all proprietary information, including but not limited to any writing relating to our sales techniques, operating procedures and processes, the Operating Manual and all other copyright material. You must notify us immediately if you learn about an unauthorized use of proprietary information. We are not obligated to take any action and have the sole right to decide the appropriate response to any unauthorized use of proprietary information. You must comply with all changes to the Operating Manual and related writings at your cost.

All ideas, concepts, techniques, or materials concerning the SEVA concept, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the System, and works made-for-hire for us. To the extent any item does not qualify as a "work made-for-hire" for us, you must assign ownership of that item, and all related rights to that item, to us and must take whatever action (including signing an assignment agreement or other documents) we request to show our ownership or to help us obtain intellectual property rights in the item.

Item 15
OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You must designate one of your owners as the “Named Partner.” The Named Partner must hold at least a 25% ownership interest in the franchise or the franchise entity (if the franchise is owned by an entity) and successfully complete our initial training program (see Item 11) and any other training programs as we deem appropriate. The Named Partner must be the primary manager of your Business. He or she may not engage in any other business or other activity, directly or indirectly, that requires significant management responsibility or time commitments, or that may otherwise conflict with the Named Partner’s obligations under the Franchise Agreement.

You must also designate a “Business Manager” of your SEVA Studio. The Named Partner may serve as the Business Manager but we do not require that the Business Manager have an ownership interest in the franchise. The Business Manager will exert full-time efforts to fulfill your obligations under the Franchise Agreement and will not engage in any other business or other activity, directly or indirectly, that requires any significant management responsibility or time commitments, or that may otherwise conflict with your obligations under the Franchise Agreement. If the relationship of the Business Manager with you terminates or materially changes, you agree to promptly designate a replacement Business Manager, and the Named Partner must assume all of the obligations of the Business manager during the interim period. The initial Business Manager must successfully complete our initial training program and any other training programs as we deem appropriate before your SEVA Studio opens for business. Any replacement Business Manager must complete our initial training program and any other training programs as we deem appropriate before engaging in any business pertaining to your SEVA Studio.

If you are a business entity, all owners will be required to sign personal guarantees in the form attached to the Franchise Agreement.

Each franchisee, manager, and associate must sign a written agreement to maintain confidentiality of the proprietary information and trade secrets described in Item 14 and to conform with the covenants not to compete described in Item 17.

Item 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell only the products and services that we designate are part of the SEVA System. You must offer all of the products and services that we designate are part of the SEVA System, and nothing else, except with our prior written approval. We may add, delete or change approved products and services that you are required to offer from time to time. There are no limits on our right to do so. If you have a smaller format unit, such as a kiosk or cart, the product and service menu that you will offer may be different than the full menu required in our inline stores. You must observe all applicable laws and regulations that govern your business.

Except as disclosed in this Item, we do not impose any restrictions regarding the customers to whom you may sell authorized products and services.

Any variation from our mandatory requirements requires our prior written approval. We grant approval only in exceptional cases in our judgment. Any exception made for another franchisee does not have to be made for you.

We reserve the right to determine the minimum and/or maximum prices for the goods, products and services offered from your Studio, as permitted by applicable law. You must comply with the prices

required by us, but we make no guarantees or warranties that offering the products or merchandise at the required price will enhance your sales or profits.

Item 17

RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

FRANCHISE AGREEMENT

Provision		Section in Franchise Agreement	Summary
a.	Length of the franchise term	1.03	5 years from store opening
b.	Renewal or extension of the term	1.04	If you are in good standing and meet other requirements, you can add an additional 5 year term.
c.	Requirements for you to renew or extend	1.04	You are not in default, obligations are current, sign the then current form of franchise agreement (which may contain materially different terms and conditions from your original agreement), pay renewal fee, remodel and sign release.
d.	Termination by you	7.01	You may terminate if we materially breach the Agreement, and we fail to cure the breach.
e.	Termination by us without cause	None	Not applicable.
f.	Termination by us with cause	7.02	We can terminate only for good cause.
g.	"Cause" defined - curable defaults	7.02(b)	You have 30 days to cure: non- payment of fees, misconduct relating to use of Marks or development of a negative reputation, failure to have a required governmental license; failing to comply with operations procedures, and any other breach by you (other than non-curable defaults) of the franchise agreement or any other agreement with us.

Provision		Section in Franchise Agreement	Summary
h.	“Cause” defined -non-curable defaults	7.02(a)	Non-curable defaults include: criminal acts, unauthorized transfer, bankruptcy or similar proceedings, abandonment or closing your Studio, disclosure of confidential information, conduct which materially impairs our trademarks, use of your Studio for any unauthorized purpose, repeated breaches, misrepresentation or fraud, violation of law, understated Gross Sales, loss of your premises, failing to open your Studio within the agreed period, failure to achieve minimum Gross Sales or violation of your non-compete.
i.	Your obligations on termination/non- renewal	8	Obligations include complete de-identification, transfer of telephone numbers, and payments of amounts due.
j.	Assignment of contract by us	6.01	No restriction on our right to assign.
k.	"Transfer" by you - defined	6.02	Includes transfer of contract or assets or ownership change.
l.	Our approval of transfer by you	6.03	We have the right to approve all transfers but will not unreasonably withhold approval.
m.	Conditions for our approval of transfer	6.03	New franchisee qualifies, transfer fee paid, purchase agreement approved, training arranged, release signed by you and current agreement signed by new franchisee.
n.	Our right of first refusal to acquire your business	6.04	We can match any offer for your business.
o.	Our option to purchase your business	8.02	We have the right to purchase your business assets for fair market value upon the expiration or termination of your franchise agreement.
p.	Your death or disability	6.06	Franchise must be assigned by estate to approved buyer in 6 months.
q.	Non-competition covenants during the term of the franchise	5.06	No involvement in competing or similar business. No sharing of proprietary information.
r.	Non-competition covenants after the franchise is terminated or expires	5.06	No competing business for 2 years within 25 mile radius of any SEVA store.
s.	Modification of the Franchise Agreement	11.02	No modifications generally but the Operating Manual subject to change.

Provision		Section in Franchise Agreement	Summary
t.	Integration/merger clause	11.02	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises made outside the Disclosure Document and Franchise Agreement may not be enforceable.
u.	Dispute resolution by arbitration or mediation	10.01 and 10.02	Except for certain claims, all disputes must be mediated and arbitrated where our corporate headquarters are then located (currently in Highland Park, Illinois).
v.	Choice of forum	11.07	Litigation, if applicable, must be conducted in Illinois (subject to state law).
w.	Choice of Law	11.06	Illinois (subject to state law).

MULTI-UNIT OPERATOR AGREEMENT

Provision		Section in Multi-Unit Operator Agreement	Summary
a.	Length of Franchise Term	4.1	5 years
b.	Renewal or extension of the term	None	Not applicable
c.	Requirements for you to renew or extend	None	Not applicable.
d.	Termination by you	4.2	You may terminate the Multi-Unit Operator Agreement at any time.
e.	Termination by us without cause	None	Not applicable.
f.	Termination by us with cause	4.2	We may only terminate the Agreement for good cause, e.g., your default.
g.	“Cause” defined – curable defaults	4.2	You have 30 days after notice to cure defaults; including failure to meet the development schedule or having a default under one of your franchise agreements.
h.	“Cause” defined-non-curable defaults	None	Not applicable.
i.	Your obligations on termination/non-renewal	4.3	You have no further right to develop SEVA Studios.
j.	Assignment of contract by us	5.1	No restriction on our right to assign.

Provision		Section in Multi-Unit Operator Agreement	Summary
k.	“Transfer” by you-defined	5.2	Includes transfer of Agreement, transfer of substantially all assets, or change in ownership.
l.	Our approval of transfer by you	5.2	Transfers require our prior written consent, which we agree not to unreasonably withhold. To obtain our consent, all transfer conditions that we state in the Agreement must be met.
m.	Conditions for our approval of transfer	5.2	A new Multi-Unit Operator must qualify, and pay a non-refundable transfer fee of \$10,000; you must sign a general release; have no outstanding defaults; successfully complete training; terms of sale have been approved by us; and you agree to covenants against competition.
n.	Our right of first refusal to acquire your business	5.3	We can match any third party offer to buy the franchise, assets or controlling interest that is the subject of a proposed transfer. We have 30 days in which to exercise our right of first refusal.
o.	Our option to purchase your business	None	Not applicable.
p.	Your death or disability	5.4	We treat your death or Incapacity (a term that we define in the Agreement) as an event of transfer subject to all transfer conditions. Your heirs can qualify or they or your legal representative must assign the franchise to an approved buyer within 180 days; otherwise, we can terminate the Agreement.
q.	Non-competition covenants during the term of the franchise	6.1	Prohibits direct or indirect involvement with competitive business.
r.	Non-competition covenants after the franchise is terminated or expires	6.1	No competition within 25 miles of Development Area any state where a SEVA Studio is located.
s.	Modification of the agreement	8.9	May not be modified except by a written agreement that you and we both sign.
t.	Integration/ merger clause	8.9	Only the terms of the Agreement are binding (subject to state law). Any representations or promises made outside the Disclosure Document and Multi-Unit Operator Agreement may not be enforceable.
u.	Dispute resolution by arbitration or mediation	7	All disputes must be mediated and arbitrated where our corporate headquarters are located (currently in Highland Park, Illinois).

Provision		Section in Multi-Unit Operator Agreement	Summary
v.	Choice of forum	8.1	Any litigation must be brought in the state or federal courts in Chicago, Illinois (subject to state law).
w.	Choice of law	8.1	Illinois law (subject to state law).

SUBLEASE

Provision		Section in Sublease Agreement	Summary
a.	Length of Term	4	You can only renew if we can renew or extend master lease.
b.	Renewal or extension of the term	4	You can only renew if we can renew or extend master lease.
c.	Requirements for you to renew or extend	4	You must remodel and upgrade the premises.
d.	Termination by you	None	Not applicable.
e.	Termination by us without cause	None	Not applicable.
f.	Termination by us with cause	Section 11	We can only terminate the Sublease if you default.
g.	“Cause” defined -- curable defaults	Section 11	Curable defaults include failure to pay rent and violation of any provision of master lease.
h.	“Cause” defined -- non-curable defaults	Section 3	Expiration or termination of the Franchise Agreement.
i.	Your obligations on termination/non-renewal	Section 11	Surrender premises and pay our costs resulting from your default.
j.	Assignment of contract by us	Section 7	No restriction on our right to assign.
k.	“Transfer” by you -- defined	Not defined	Not applicable.
l.	Our approval of transfer by you	Section 7	You may not assign your rights without our prior written approval.
m.	Conditions for our approval of transfer	None	Not applicable.
n.	Our right of first refusal to acquire your business	None	Not applicable.
o.	Our option to purchase your business	None	Not applicable.
p.	Your death or disability.	None	Not applicable.

Provision		Section in Sublease Agreement	Summary
q.	Non-competition covenants during the term of the franchise.	None	Not applicable.
r.	Non-competition covenants after the franchise is terminated or expires.	None	Not applicable.
s.	Modification of the Franchise Agreement	17	No modifications.
t.	Integration/merger clause	17	Only the terms of the Sublease binding (subject to state law). Any other representations or promises made outside the Disclosure Document and Sublease may not be enforceable.
u.	Dispute resolution by arbitration or mediation	None	All disputes must be mediated and arbitrated where our corporate headquarters are located (currently in Highland Park, Illinois).
v.	Choice of forum	None	Any litigation must be brought in the state or federal courts in Chicago, Illinois (subject to state law).
w.	Choice of Law	None	Illinois law (subject to state law).

Item 18
PUBLIC FIGURES

We do not use any public figure to promote our franchise.

Item 19
FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC’s Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

Other than a specifically disclosed in this Item 19, SEVA does not make actual, average, projected or forecasted sales, expenses, profits, cash flow or financial performance information available to prospective Franchisees.

SEVA has compiled these average sales from the sales as reported via SEVA’s point of sale system (“POS”) and the expenses, profits, cash flow or financial performance figures are derived from information supplied by SEVA Franchisees and they should not be considered as the actual or potential

sales, expenses, profits, cash flow or earnings that will be realized by any other Franchisee. A new Franchisee's individual financial results are likely to differ from the average figures presented below. If SEVA included studios that were only open for less than three years, these numbers would be substantially different.

The average sales were obtained from the SEVA POS system, and the, expenses, and cash flows of the SEVA Studios were obtained from operating statements submitted to SEVA by its franchisees. Most franchisees use a cash versus accrual system for producing their financial statements, which may produce slight differences between the actual date of occurrence of expenses and the date such expenses are reported on the franchisee's financial statements. Neither SEVA nor its independent certified public accountants have independently audited or verified these franchisee statements. The information received in these statements, to the best of SEVA's knowledge, is accurate and complete.

All SEVA Studios offer substantially the same services and products to the public. The actual sales, expenses, and cash flow results of any franchised SEVA Studio may vary substantially from these averages. Sales, expenses and cash flow results depend upon many independently variable factors including, but by no means limited to, the location and visibility of the Studio, local traffic patterns, the demographic composition, age of the market and trends of the market area served by the Studio, the competitive environment, public awareness of and goodwill associated with the name SEVA, the region and market area in which the Studio is located, the length of time the Studio has been in operation, the quality of the management and service at the Studio, labor costs, the individual skills of the franchisee and other factors. This information is therefore limited in its usefulness and should only be utilized as a reference you to use in conducting your own independent analysis of the business.

The following table contains information relating solely to historical sales, expense and cash flow data compiled from existing franchised SEVA Studios. The table is qualified in its entirety by all the information, notes, cautionary statements and qualifications contained in this Item 19.

AVERAGE OPERATING CASH FLOW OF CERTAIN SEVA STUDIOS
GENERAL DESCRIPTION AND METHODOLOGY

The following statement (referred to in this disclosure document as the "Average Operating Cash Flow Statement") consists of the average sales, expenses and operating cash flow of certain SEVA Studios. The statement is based on a sample of 6 Studios that were open three years or longer as of January 1, 2014 and operating as of the date of this disclosure document. SEVA corporate Studios are included in the sample of 6 Studios.

The total eligible sample of Studios opened for three years or longer, as of January 1, 2014, consisted of 11 Studios. The sample was reduced by eliminating any Studio for which SEVA has insufficient data to be reasonably assured of having accurate and complete expense information (5 Studios).

The 5 Studios eliminated due to insufficient data were not distributed evenly over the entire database, based on total sales. Of the missing Studios, 3 had total sales at or above the median for the total sample and 2 had total sales below the median for the total sample. If all of these Studios had been included in the sample, it would have reduced the median total sales in the sample by 3.25% and the net operating cash flow by a somewhat larger percent.

The sales and expense data used in the preparation of this table was taken from the SEVA POS System of each franchisee, and the actual Studio operating statements provided by the franchisee for each Studio in the sample. The time frame or accounting period of these operating statements was the most current available to SEVA.

The 6 Studios included in this sample are located in the following states/provinces:

State/Province	Number of Studios
Florida	1
Illinois	2
Indiana	3
TOTAL	6

The average annualized total sales for this group of 6 Studios is \$243,843. A total of 3 Studios, or 50% exceeded this average. The average total of all expenses for this group of 6 Studios is \$178,208. A total of 3 Studios or 50% have total expenses lower than the average figure of \$178,208. The average operating cash flow for this group of 6 Studios is \$65,635. A total of 3 Studios, or 50%, had total average operating cash flow in excel of the average of \$65,635.

The average operating cash flow information should not be construed as actual or probably results that will be realized by a Franchisee. It is based on operating results of studios in operation since March 9, 2010.

Average Operating Cash Flow Statement		
Revenues		
Service Sales	\$ 242,707	99.53%
Product Sales	\$ 1,136	0.47%
Total Revenues	<u>\$ 243,843</u>	100.00%
Expenses		
Labor	\$ 93,862	38.49%
Occupancy	\$ 28,317	11.61%
Products	\$ 17,368	7.12%
Continuing Franchise Fees	\$ 18,390	7.54%
Advertising	\$ 743	0.30%
Other	\$ 19,528	8.01%
Total Expenses	<u>\$ 178,208</u>	73.08%
Operating Cash Flow	<u>\$ 65,635</u>	26.92%

Notes:

- 1) Revenues. Average sales were obtained from the SEVA POS system for each franchisee.
- 2) Labor. Includes all employee-related expenses including: wages, salary, bonus, commission, and payroll taxes as reported by franchisees to SEVA
- 3) Occupancy. Includes all rent paid.
- 4) Products. Includes the cost of all product purchased for resale or for service use as reported by franchisees to SEVA
- 5) Continuing Franchise Fees. All Studios in the system pay identical continuing franchise fees of 6% plus 1% percentage rent and 2% brand fund.

- 6) Advertising. Includes discretionary advertising on a local or regional basis as reported by franchisees to SEVA
- 7) Other. This category includes all of the other cash expense items not included elsewhere. These would include: insurance, interest expense, legal & professional fees, travel and meals, merchant fees, office expenses, phone and internet expense, postage, and training expenses as reported by franchisees to SEVA
- 8) Operating Cash Flow. The figure does not include any provision for income taxes or for non-cash expenses such as depreciation or amortization. It also does not include any reserve for future capital expenditures.

Newly opened Studios tend to have average sales and cash flow significantly below the average for the Studios included in the financial performance representation sample above. This is especially true of new Studios opened by new franchisees in markets that have few existing Studios. Certain markets have substantially higher real estate costs than others and any prospective franchisee is urged to verify this along with all other expense factors in relation to local market conditions. Markets with many Studios and correspondingly larger cooperative advertising budgets tend to have Studios with higher revenues and cash flows than markets with few existing Studios.

You are responsible for developing your own business plan for your proposed SEVA Studio, including capital budgets, pro forma financial statements, sales and expense projections and other elements appropriate to the particular circumstances of the proposed Studio. In developing the business plan, you are cautioned to make necessary allowance for changes in financial results that may occur due to any of the factors listed above, for any and all ranges of general economic conditions that may exist now or in the future, or for any other circumstances that may impact the operation and performance of the business.

Some outlets of earned this amount. Your individual results may differ. There is no assurance you'll earn as much.

Neither SEVA sales personnel nor any employee or officer of SEVA is authorized to make any claims or statements as to the earnings, sales, expenses, cash flows, or profits or prospects or chances of success that any franchisee can expect or that present or past franchisees have had, other than as stated in this Item 19. SEVA specifically instructs its sales personnel, agents, employees and officers that they are not permitted to make any such claims or statements, nor are they authorized to represent or estimate dollar figures as to existing or future SEVA Studio operations, other than as stated in this Item 19. SEVA recommends that applicants for SEVA franchises make their own investigation and determination whether or not existing Studios are profitable and whether their Studio is likely to be profitable.

Written substantiation of for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

You are urged to consult with appropriate financial, business and legal advisors and existing SEVA Franchisees in connection with the use of any of the information contained in this section.

Except as disclosed in this Item 19, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Adam Petersen at SEVA

Beauty LLC, 1954 First Street, # 112, Highland, Illinois 60035, telephone 877-SEVA-BEAUTY, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary*
For Years 2011, 2012, 2013

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised Outlets	2011	7	14	+7
	2012	14	21	+7
	2013	21	61	+40
Company-Owned*	2011	4	4	0
	2012	4	3	-1
	2013	3	2	-1
Total Outlets	2011	11	18	+7
	2012	18	24	+6
	2013	24	63	+39

* The Company-Owned Outlets included in all charts are owned and operated by our affiliates as described in Item 1.

Table No. 2
Transfers of Outlets From Franchisees to New Owners
(Other than the Franchisor or an Affiliate)
For Years 2011, 2012, 2013

Column 1 State	Column 2 Year	Column 3 Number of Transfers
California	2011	0
	2012	0
	2013	1
Total	2011	0
	2012	0
	2013	1

**Table No. 3-A
Status of Franchised Outlets
For Years 2011, 2012, 2013**

Col 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Termina- tions	Col 6 Non- Renewal s	Col 7 Reacquire d by Franchisor	Col 8 Ceased Operations – Other Reasons	Col 9 Outlets at End of the Year
California	2011	0	2	0	0	0	0	2
	2012	2	0	0	0	0	0	2
	2013	2	5	0	0	0	0	7
Connecticut	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0
	2013	0	2	0	0	0	0	2
Florida	2011	0	0	0	0	0	0	0
	2012	0	1	0	0	0	0	1
	2013	1	1	0	0	0	0	2
Georgia	2011	0	1	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	2	0	0	0	0	3
Illinois	2011	4	0	0	0	0	0	4
	2012	4	2	0	0	0	0	6
	2013	6	14	0	0	0	0	20
Indiana	2011	2	0	0	0	0	0	2
	2012	2	0	0	0	0	0	2
	2013	2	3	0	0	0	0	5
Massachusetts	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0
	2013	0	2	0	0	0	0	2
Maryland	2011	0	1	0	0	0	0	1
	2012	1	1	0	0	0	0	2
	2013	2	1	0	0	0	0	3
Michigan	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0
	2013	0	1	0	0	0	0	1
North Carolina	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0
	2013	0	1	0	0	0	1	1
New Jersey	2011	0	1	0	0	0	0	1
	2012	1	2	0	0	0	0	3
	2013	3	2	0	0	0	0	5
New York	2011	0	0	0	0	0	0	0
	2012	0	1	0	0	0	0	1
	2013	1	0	0	0	0	0	1

Ohio	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0
	2013	0	2	0	0	1	0	1
Tennessee	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0
	2013	0	1	0	0	0	0	1
Texas	2011	1	2	0	0	0	0	3
	2012	3	0	0	0	0	0	3
	2013	3	6	0	0	3	0	6
Virginia	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0
	2013	0	1	0	0	0	0	1
Total	2011	7	7	0	0	0	0	14
	2012	14	8	0	0	0	1	21
	2013	21	44	0	0	4	0	61

**Table No. 3-B
Status of Multi-Unit Operators
For years 2011, 2012, 2013**

Col 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Termina- tions	Col 6 Non- Renewal s	Col 7 Reacquire d by Franchiso r	Col 8 Ceased Operation s – Other Reasons	Col 9 Outlets at End of the Year
None	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0
	2013	0	0	0	0	0	0	0
Total	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0
	2013	0	0	0	0	0	0	0

**Table No. 4
Status of Company-Owned Outlets For
Years 2011, 2012, 2013**

Col 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Outlets Reacquired from Franchisee	Col 6 Outlets Closed	Col 7 Outlets Sold to Franchisee	Col 8 Outlets at End of the Year
Florida	2011	1	0	0	0	0	1
	2012	1	0	0	0	0	1
	2013	1	0	0	0	0	1

Illinois	2011	1	0	0	0	0	1
	2012	1	0	0	0	1	0
	2013	0	0	0	0	0	0
Indiana	2011	2	0	0	0	0	2
	2012	2	0	0	0	0	2
	2013	2	0	0	0	2	0
Ohio	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
	2013	0	0	1	0	0	1
Texas	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0
Total	2011	4	0	0	0	0	4
	2012	4	0	0	0	1	3
	2013	3	0	1	0	2	2

* Our affiliate, SilkyCactus Inc. owns two SEVA locations. They are counted as company outlets for the purposes of this table.

Table No. 5
Projected Openings
As of December 31, 2014

Column 1	Column 2	Column 3	Column 4
State	Franchise Agreements Signed But Outlet Not Open	Projected New Franchised Outlets In The Next Fiscal Year	Projected New Company-Owned Outlets In The Next Fiscal Year
Arizona	1	4	0
California	1	14	0
Florida	0	5	0
Georgia	0	7	0
Illinois	3	14	0
Maryland	1	4	0
Mississippi	1	4	0
New Jersey	0	4	0
New York	1	6	0

Column 1	Column 2	Column 3	Column 4
State	Franchise Agreements Signed But Outlet Not Open	Projected New Franchised Outlets In The Next Fiscal Year	Projected New Company-Owned Outlets In The Next Fiscal Year
North Carolina	0	4	0
Texas	2	7	0
Washington	1	2	0
TOTAL	11	75	0

Included in this Disclosure Document as Exhibit H is a list of all operational and non-operational SEVA franchisees as of December 31, 2013. Also included on Exhibit H is a list of the names, cities and last known telephone numbers or each franchisee who had a franchise terminated, canceled or not renewed, or voluntarily or involuntarily ceased to do business under the franchise agreement through a transfer or otherwise during the most recently completed fiscal year. No franchisee has failed to communicate with us within the ten weeks of the date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three fiscal years no franchisees have signed confidentiality clauses. In some instances current and former franchisees may sign provisions restricting their ability to speak openly about their experience with the SEVA System. You may want to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

We do not currently have a franchisee advisory council or association.

Item 21
FINANCIAL STATEMENTS

Attached as Exhibit E is our audited financial statement for the years ended December 31, 2011, December 31, 2012 and December 31, 2013.

Our fiscal year end is December 31st.

Item 22
CONTRACTS

The following contracts are attached hereto:

- Exhibit B Franchise Agreement
- Exhibit C Multi-Unit Operator Agreement
- Exhibit D Sublease Agreement
- Exhibit F Sample Release
- Exhibit I State Addenda
- Exhibit J Sample Promissory Note
- Exhibit K ACH Form

Item 23
RECEIPT

The last pages of this Disclosure Document are two copies of a detachable receipt acknowledging your receipt of this Disclosure Document. You must sign one copy and give it to us. The other copy is for your records.

SAMPLE